

DRAFT # 1

# **Downtown Tax Increment Finance District**

## **(Exeter NH)**

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Development Program and Financing Plan  
October 24, 2013

REVIEW DRAFT 1 10/28/13

## **TABLE OF CONTENTS**

I.	Introduction .....	3
II.	Objectives .....	3
III.	Proposed Improvements .....	4
IV.	Project Benefit .....	5
V.	District Boundaries .....	6
VI.	Open Space .....	6
VII.	Environmental controls .....	6
VIII.	Proposed Re-Use of Private Property .....	6
IX.	Relocation and Displacement .....	6
X.	Proposed Operations of the District .....	7
XI.	Development Agreements .....	7
XII.	Impacts on Other Taxing Jurisdictions .....	7
XIII.	Estimated Cost of the Development Program .....	8
XIV.	Funding Sources .....	8
XV.	Financing Summary .....	9
XVI.	Plan Amendments .....	10
XVII.	Duration of Program .....	10
XVIII.	TIF District Administration .....	10
XIX.	Advisory Board .....	10
XX.	Implementation .....	10
	Exhibit A - Project Budget .....	12
	Exhibit B - Properties in the District .....	13
	Exhibit C - District Map .....	15
	Exhibit D – Estimate Value of District at Build-out .....	16

## I. Introduction

The Exeter NH Board of Selectmen hereby proposes establishment of the **Downtown Tax Increment Financing (TIF) District** to fund improvements intended to improve and enhance the economic vitality of the downtown area by creating new or improved infrastructure including, but not limited to, roads, traffic patterns, utilities, water distribution, sewer, parking, pedestrian ways, lighting, sidewalks and urban amenities necessary to retain, attract and advance desirable mixed use development and private investment in the downtown / central business district of the Town of Exeter. This particular area of Exeter has potential to contribute more significantly to the Town's tax base, employment base and quality of life through expanded positive economic growth and development. The area has remained largely unchanged over the past several decades, and has experienced some decline consistent with national trends of commercial retail and business office sectors shifting away from downtown centers. Stimulating mixed use development and reinvestment in this area will provide needed taxable assessed valuation, business revenue, employment opportunities and public amenities within the proposed district that will directly benefit the community far into the future. The purpose of this Development Program and Tax Increment Financing Plan is to establish a District in compliance with the provisions of New Hampshire RSA 162-K:6, 162-K:9 and 162-K:10. Specifically, these statutes require:

- Municipal adoption of a development program as a condition of establishing a TIF District. (RSA 162-K: 6).
- Municipal adoption of a development and financing plan that allocates use of tax increments for project costs, retirement of bonds and notes, operation, maintenance and improvements in the district and for general municipal purposes (RSA 162-K:9 and K:10).

## II. Objectives

The objectives of this Development Program and TIF Plan are to:

- Create new or improved infrastructure needed to stimulate and sustain economic development including, but not limited to, roads, improved traffic patterns, public parking, power distribution, water distribution, sewer, storm water management, parking, pedestrian ways, lighting, and sidewalks;
- Improve pedestrian and bicyclist safety;
- Create traffic calming and improve traffic flow, management and safety;
- Stimulate development or redevelopment of commercial and residential property that will provide new retail and office space, cultural and performance venues, a mix of residential housing opportunities, professional services, conference and hotel services, restaurants or other businesses consistent with a vibrant downtown;
- Expand the property tax base;

- Create new, expanded and enhanced employment and earning opportunities for area residents;
- Attract consumers from within and from outside the community to patronize existing and new business in the downtown as well as in other areas of the community; and
- Stimulate other businesses to locate or expand within the community.
- Revitalize the central, historic area of Town.
- Create an environment to spur business attraction and redevelopment within the central downtown area.
- Increase the amount of developed square footage within the district at a more rapid pace than would otherwise occur.
- Increase the commercial tax base of the central downtown area at a more rapid rate than current zoning has realized.
- Encourage development opportunities outside the boundaries of the TIF District.
- Create a funding mechanism for improvements within the downtown area to address a variety of issues as identified in the Exeter Master Plan including:
  - Sidewalks, connectivity, and traffic flow
  - Safety improvements for pedestrians, bicyclists, and vehicles.
  - Traffic calming measures.
  - Parking
  - Roadway and traffic signage.
  - Lighting
  - Street trees, additional green space and landscaping
  - Streetscape furniture such as benches, waste bins, recycle bins, information kiosks, etc.

### **III. Proposed Improvements**

Since the late 1990s, multiple needed and desirable improvements have been identified for the downtown area. Deteriorating sidewalks and curbs, inadequate signage, dangerous crosswalks, aged and damaged street trees, inadequate and poorly located street furniture, unattractive utility poles with haphazard service connections, and inadequate parking and traffic circulation issues are among the key concerns that have been identified as detriments to the overall vitality of the area.

The following list of projects are seen as key to areas requiring attention in an effort to preserve, enhance, revitalize and upgrade the downtown area: (See Appendix X for NHDOT data regarding traffic counts and location of traffic

recorders for downtown Exeter.)

#### **1. Crosswalk and Traffic Calming Improvements:**

There are 26 crosswalks within the Central Area TIF district. Many of them are challenging to navigate safely, especially for children and individuals with mobility issues. Each crosswalk will

be evaluated for safety & accessibility and a list of necessary improvements as required for each will be developed. Improvements will be made based upon availability of funds, associated private investments in the area and level of safety considerations. Improvements may include bump-outs, re-alignment, relocation, signage, signalization, and other specific solutions intended to ensure the pedestrian and operator safety. A budget estimate of \$5000 per intersection is considered reasonable since only a few will likely require significant physical changes and TIF dollars will be utilized primarily to leverage other private and public investment  
Estimated Cost: \$130,000.00

## 2. Signage and Street Furniture:

- **Signage:** Exeter's downtown is the confluence of three state routes, 108, 27, and 111, yet there is no signage indicating those routes. Clear, distinct signage for state routes and town sites should be provided. Additionally, once in Town, there is no directional business, service or facility signage for visitors. A coordinated informational and directional signage package which includes kiosks and other methods to display information is needed. A budget estimate of \$50,000 is considered reasonable to accommodate 3 strategically located kiosks and a package of design / color informational / directional signs since TIF dollars will be utilized primarily to leverage sponsors and other private and public investments.

Estimated Cost: \$50,000.00

- **Street Furniture & Pedestrian Amenities:** Existing street furniture & pedestrian amenities (benches, bike racks, garbage and recycle bins and public restroom facilities etc.) are limited, inconsistently located, unorganized, in disrepair, and generally inadequate to support a destination based regional downtown retail environment. An inventory and assessment of these elements will be completed and a plan for new, replacement, or upgraded furniture / facilities will be developed. A budget estimate of \$75,000 is considered reasonable to accommodate structured / strategic replacement / upgrade effort that will be undertaken utilizing TIF dollars to leverage sponsorships and other private and public investments.

Approximate cost: \$75,000.00

## 3. Overhead Utilities:

Overhead utility lines throughout many downtown areas present a visual "spaghetti" to those who visit or live or work in the downtown. The network has grown incrementally with little apparent consideration to the impact on the visual aesthetics of the Town's Central Business District. A utility assessment will be conducted in order to secure guidance and direction to prioritize and undertake reconfiguration of the most offensive or deficient portions of the overhead utility network. A long term plan will be developed that focuses on a sensible, affordable approach that can be implemented in conjunction with development / redevelopment within the downtown and integrated with scheduled repair/replacement/ upgrade programs undertaken by the utilities themselves. An initial budget estimate of \$200 per utility pole is

considered reasonable since TIF dollars will be utilized primarily to leverage other utility company investment and other private and public investment.  
Estimated Cost: \$XXXX

#### 4. Sidewalk, Drainage, Curbing & Lighting,

Sidewalks throughout the downtown area are in significant disrepair; many are riddled with patches from past repairs. Curbing is buried so that in many cases reveal is inadequate and there are broken sections in many places as well; since curbing is an essential component of the downtown storm water drainage system, continued deterioration of curbing will increasingly contribute to drainage problems unless replacement / upgrading is undertaken in the future. Lighting throughout the area is largely old and, while utilitarian does not contribute to the atmosphere and ambiance that will enhance the desirable and competitiveness of the area as a commercial retail destination. The budget for improvements in this area is provided as a place holder only; a detailed budget will be developed in consultation with the Town Department of Public Works and the Electric Utility so that projects can be identified and initiated quickly and rationally so that TIF dollars will be utilized primarily to leverage other planned municipal or utility company investments along with and other private and public investments that may be contemplated.

Estimated Cost: \$XXXX

Other projects that may be developed in cooperation with current and future property owners, developers and other stakeholders and may include:

- Parking facilities;
- Road construction or improvements;
- Bicycle lanes;
- Street lighting and landscaping;
- Improvements to utilities and power distribution;
- Improvements to water and sewer capacity; and
- Traffic calming and vehicular safety.

The total cost of all potential projects and improvements, including planning, design and administration cannot be forecasted at the outset. Captured increment tax revenue will be placed under the control of the Town Treasurer and will accumulate in a special account designated for the Downtown TIF District until sufficient funds are available to complete a specific project or sufficient incremental tax revenue is captured to service bond principal and interest to complete a specific project. Specific projects will be presented for Town Meeting Approval by the Selectmen considering recommendations of the District Administrator and Advisory Board. The District Administrator and Advisory Board may recommend to the Selectmen & Town Meeting designed to fulfill the purpose of the District.

The Town Meeting shall determine if and when the level of captured increment in the District, combined with any other grant funds or private and public investment is sufficient to initiate a specific project. The Town Meeting may also determine that the level of captured increment in

the District alone, or in combination with any other grant funds or private investment, justifies borrowing to complete a project.

## **IV. Project Benefits**

### **Economic Development Benefits**

The improvements described herein are required in order to service the existing population, accommodate planned growth and help ensure long-term community sustainability and economic vitality. Improvements within the District will also benefit areas adjacent to the District and the community as a whole. The proposed improvements have the potential to create in excess of \$XXM in new property value within seven to fifteen years if 20% of the District is redeveloped. This forecast is based on a review of the development and redevelopment capability of existing properties within and adjacent to the Downtown TIF District. (Exhibit X)

The economic development objectives of the District are consistent with the Town of Exeter Master Plan which states in part:

- Develop a green space and street tree plan for downtown.
- Develop recommendations for ensuring a pedestrian-friendly environment,
- Encourage improvement of the waterfront area behind the Water Street buildings.
- Consider acquisition of additional land for providing more downtown parking
- Conduct a feasibility study for the transition/conversion to underground utilities in the downtown area.
- Identify and implement specific safety improvements for pedestrians and bicyclists especially in the downtown and school areas.
- Continue to develop, program and fund short and long-range plans for maintenance of town roads, bicycle paths and sidewalks.
- Develop a Sign Management Program to coordinate and manage all directional and traffic oriented signage.
- Review all traffic signage on each of the six main roads into Exeter to make recommendations for improvements to assist first-time visitors, novice pass-through drivers, commercial vehicles and bicycle travelers.
- Review downtown parking and crosswalks for consistency with the Manual of Uniform Traffic Control Devices.
- Support implementation of projects in the Capital Improvement Program including bridge, culvert, sidewalk, shoulder widening, intersection improvements, and other roadway improvements.

For more detail on Master Plan objectives see Appendix 1.

## **V. District Boundaries**

A. List of Properties – Exhibit 1

The Central Area TIF district includes 145 properties, 15 of which are exempt properties as they are municipally owned, or non-profit, such as a church. Land Area and Assessed Values<sup>1</sup> The proposed Central TIF District (outlined in green) in Exhibit 1 includes parcels in four zoning districts. Specifically much of the proposed district is made up of the C-1 - Central Area Commercial, WC - Waterfront Commercial and R-5 – multifamily, with a very small portion being in R-2, single family residential. The subcommittee’s objectives in determining the boundaries were to include:

- Downtown core
- Vacant lots (those most likely to be developed – circled in red),
- Historic portion of downtown, and
- Connections to neighboring areas
- Public library
- Sidewalk connections to residential areas,
- Philips Exeter Academy (PEA) and
- Downtown park areas (Swasey Parkway)

B. Valuation

The district contains approximately 38 acres, which represents approximately 0.3% of the 12,672 acres of land area in Exeter. It should be noted that the maximum allowed per RSA 162-K:5 is 5%. The total current assessed value of all property in the district excluding tax exempt properties is \$48,692,924 or 3.0 % of the total assessed value of taxable property in the Town (\$1,617,033,556).

The maximum allowable by law is 8%. Thus the district complies with the size and value standards of RSA 162-K:5.2

A plan of the proposed District is appended as Exhibit XX.

## VI. Open Space

It is anticipated that a small amount of additional open space may be set aside as a result of this initiative.

## VII. Environmental Controls

In construction of any of the planned public improvements the Town of Exeter as well as any private parties will be required to comply with all appropriate environmental regulations. These regulations may include, but are not limited to any or all of the following:

- State and federal regulations regarding the protection of wetlands and floodplains.
- State standards for design of public sewer systems.

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<sup>1</sup> Land area and assessed values are based on the Town of Exeter Assessors Database, as of DATE.

- State permits regarding soil disturbance/filling.
- State and federal regulations regarding air, water, and noise pollution.
- Applicable building codes, zoning ordinance, subdivision and site planning regulations.

## **VIII. Proposed Re-Use of Private Property**

TIF proceeds may be utilized for the purpose of purchasing and/or reusing private property; in such eventuality, all appropriate federal and state regulations will be observed.

## **IX. Relocation and Displacement**

The development program is not anticipated to require relocation and/or displacement of any persons, families, business concerns, or others; however, should circumstances change as the project unfolds, all appropriate federal and state regulations related thereto will be observed and complied with.

## **X. Proposed Operations of the District**

### **A. Operations and Maintenance (O&M)**

The added cost for operation and maintenance associated with the improvements in the envisioned projects are anticipated to be minor and will be reflected in the normal operations of the Town's Public Works Department; however, impacts associated with each specific project will be analyzed and presented in the context of project proposals.

### **B. Other Funding Sources**

In order to reduce the amount of cost to the municipality, the Town may seek funding from other sources that may include, but are not limited to, the following:

- Community Development Block Grant Program (CDBG);
- Rural Development Grants;
- NHDES Financial Assistance Water / Wastewater Grants; and
- NHDOT Enhancement Grants

Since it is anticipated that projects will not be initiated until sufficient funds are available through accumulated tax increment, there will be no annual cost to the District. Any projects proposed by the Advisory Board and Selectmen will be presented to the Town Meeting for approval when grant and private sources are identified and / or the captured increment is sufficient to totally offset the project specific cost. Alternatively, if and when the level of captured increment in the District, combined with any other grant funds or private investment, justifies additional borrowing the Selectmen may propose bonds or other financing for Town Meeting consideration.

## **XI. Development Agreements**

In any situation where construction of improvements within this District commences prior to accumulation of sufficient incremental value necessary to fund the specific improvements or services bonds related thereto, the Town may require the developer or developers to execute a clearly enforceable Guarantee Agreement. This agreement will require the developer(s) to pay any deficiency between the Town's actual costs for the project or, in the event the issues a bond, the actual annual cost for bond debt service and incremental tax revenues generated in the District.

## **XII. Impacts on Other Taxing Jurisdictions**

- A. Property taxes applied to incremental assessed value in the TIF District will include the municipal, school, and county taxes currently collected by the Town. The 2012 applicable tax rates are as follows:

Municipal: \$8.01/1,000,  
County: 1.08/1,000,  
Education: \$14.37/1,000,  
State Education: \$2.46/1,000,  
Total: \$25.92/1,000.

The State Education Tax (currently (\$2.46 /\$1,000) cannot be applied. The Tax Rate applied to the TIF District at present will be \$23.46, which is \$25.92 minus the State Education tax of \$2.46.

- B. Records and Reports

Pursuant to the requirements of Section 162-K:11, the Town of Exeter annual report shall contain a financial report from the District. This report shall contain:

- The amount and source of revenue of the District;
- The amount and purpose of expenditures;
- The amount of principal and interest on any outstanding bonded indebtedness;
- The original assessed value of the District;
- The captured assessed value retained by the District;
- The tax increments received; and
- Any additional information necessary to demonstrate compliance with the tax increment-financing plan.

## **XIII. Estimated Cost of the Development Program**

As indicated in Section III, the total estimated capital cost to initiate the envisioned projects is estimated at approximately \$XXX. This number excludes annual maintenance and operations costs. Each project will be funded separately as accumulated tax increment provides; the Selectmen, in consultation with the Advisory Committee will establish priority of funding and submit warrant artless for Town Meeting action accordingly. Projects as recommended by the Advisory Board and approved by the Selectmen will be funded with grants, private investment, accumulate captured increment, public borrowing or a combination thereof as determined appropriate by vote of the Town Meeting.

## **XIV. Funding Sources**

The Town of Exeter intends to use multiple funding sources to complete the proposed development program as indicated above. A combination of private investment, state, federal & foundation grants, municipal appropriations and betterment / special assessments may be utilized along with any other funding sources that may be identified and successfully pursued during the life of this District.

### **Uses of Incremental Tax Revenues**

Pursuant to RSA 162-K, the Town of Exeter will utilize incremental property tax revenues received from newly developed or redeveloped properties, and increased assessed value in the TIF District to implement the projects described in the District Development Plan. This means that, subject to the explanations and qualifications contained herein, by approving this TIF District Plan any increase in assessed value from the date of establishment of the District by Town Meeting vote and thereafter will be classified as incremental assessed value. Incremental income is gained by applying the Town property tax rate, less the State education rate, to this incremental value. As indicated in Section XII, above, this rate is currently \$23.46/\$1,000. Thus, \$1,000,000 in incremental assessed value would yield \$23,460 in tax revenue.

### **Financing Summary**

Total Projected Cost:

Project: Crosswalk and Traffic Calming Improvements:

Estimated Project Cost: \$130,000

Project: Signage and Street Furniture:

Estimated Project Cost: \$50,000

Project: Street Furniture & Pedestrian Amenities:

Estimated Project Cost: \$75,000

Project: Overhead Utilities:

Estimated Project Cost: \$XXXX

Project: Sidewalk, Drainage, Curbing & Lighting:

Estimated Project Cost: \$XXXX

These numbers exclude annual maintenance and operations costs.

Specific projects will be identified and cost estimates provided as the Advisory Committee & Selectmen propose them for approval by the Town Meeting. Upon approval of subsequent projects for this District by the Town Meeting, this section of the Development Plan will be amended accordingly.

In any year, if the amount of the current assessed value for the District exceeds the original assessed value that excess shall be referred to as captured assessed value.

That captured assessed value shall be dedicated to first paying the amount necessary to make any required debt service payments on any bonds that may be issued. Captured assessment value beyond that necessary for this purpose shall accumulate to complete the projects contained in the Development Plan as approved and amended by Town Meeting and shall be available for all such District purposes.

The estimated impact of tax increment financing on the assessed values of all other taxing jurisdictions within the Town of Exeter is negligible, since the proposed improvements are designed to encourage commercial investment and lessen the residential tax burden. Thus, these activities will contribute to a long-term increase in the non-residential tax base at a faster rate than would otherwise be achieved. Additionally, there is no plan to remove currently taxable property from the tax rolls because of this project.

## **XV. Plan Amendments**

Pursuant to RSA 162-K:9, this plan can only be amended by a vote of Town Meeting.

## **XVI. Duration of Program**

The TIF District will exist until any debt issued and borrowing initiated to fund the development program is retired and all improvements anticipated within the Plan for the District as originally adopted or subsequently amended by action of the Town Meeting have been completed.

## **XVII. TIF District Administration**

The Town Manager shall administer the District subject to the limitations placed upon him by the Town Charter and any rules and limitations subsequently adopted by the Selectmen or Town Meeting.

## **XVIII. Advisory Board**

Pursuant to RSA 162-K:14, the legislative body shall create an advisory board for the district. The board shall be appointed by the Board of Selectmen and a majority of members shall be owners or occupants of real property within or adjacent to the district.

The Exeter Central Area Downtown TIF Advisory Board will be a nine member board composed of the following: one (1) member of the Board of Selectmen, one (1) member of the Economic Development Commission, one (1) member of the Planning Board, one (1) member of the Historic District Commission, and five (5) owners or occupants of real property within or adjacent to the district.

The Selectmen representative to the TIF Advisory Board shall be designated by the Selectmen. The members of the Historic District Commission, Economic Development Commission, and Planning Board, who serve on the TIF Advisory Board, shall be appointed by the Board of Selectmen upon the recommendation of those respective boards. Members shall serve in terms established by the Board of Selectmen or until the Central Area Downtown TIF District ceases to exist.

The advisory board shall advise the governing body and district administrator on planning, construction and implementation of the development program and on maintenance and operation of the district after the program has been completed (RSA 162-K:14).

The governing body shall by resolution delineate the respective powers and duties of the advisory board and the planning staff or agency. The resolution shall establish reasonable time limits for consultation by the advisory board on the phases of the development program, and provide a mechanism for appealing to governing body for a final decision when conflicts arise between the advisory board and the planning staff or agency. RSA 162-K:14).

## **XIX. Implementation**

Implementation of this plan requires the following actions be taken:

- Creation of the District described herein (RSA 162-K:5), occurred by vote of the Town Meeting on \_\_\_\_\_
- Adoption of the Development Program and Tax Increment Financing Plan (RSA 162-K:6 and 162-K:9) incorporated herein occurred by vote of the Town Meeting on \_\_\_\_\_.
- By Action of the Selectmen on \_\_\_\_\_ the following members of the Advisory Board were appointed (RSA 164-K-14):

1
2
3
4
5

**Exhibit – District Boundaries**

**Exhibit - Project Budget**

**Exhibit – Existing Property Values within District**

**Exhibit - Map of District**

**Exhibit - Estimated Potential Valuations at Build-out**